Postal Regulatory Commission
Submitted 4/27/2020 4:03:39 PM
Filing ID: 113021
Accepted 4/27/2020

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268–0001

PERIODIC REPORTING (PROPOSAL TWO)	Docket No. RM2020-7

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-2 OF CHAIRMAN'S INFORMATION REQUEST NO. 2
(April 27, 2020)

The United States Postal Service hereby provides its responses to the above listed questions of Chairman's Information Request No. 2, issued April 21, 2020. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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April 27, 2020

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 2

1. The Postal Service states that the "objective of [Proposal Two] is to introduce a methodology for updating the delivery time variabilities for city carrier regular delivery time, so that they reflect changes in relative volumes." Petition, Proposal Two at 1.

a. Please confirm that mail volumes used to update delivery time variabilities for city carrier regular delivery time exclude all volumes retrieved from customer receptacles, small parcel volumes, large parcel volumes, and accountables volumes.

b. If not confirmed, please provide: (1) the customer collections volumes, (2) the small parcel volumes, (3) the large parcel volumes, and (4) accountable volumes that were used to update delivery time variabilities for city carrier regular delivery time.

c. Please explain whether and how customer collection volumes, small parcel volumes, large parcel volumes, and accountable volumes, if any, are considered in updating delivery time variabilities for city carrier regular delivery time.

RESPONSE:

a. Confirmed.

b. Not applicable.

c. In the established methodology, there are three separate equations that estimate the variabilities for city carrier street time. The first is the regular delivery equation, the second is the in-receptacle parcel delivery equation, and the third is the large parcel/accountable equation. Each equation relates to a specific part of city carrier street time and the resulting variabilities are applied to separate cost pools. The variabilities from the regular delivery equation are applied to the regular delivery time cost pool, the variability from the in-receptacle parcel delivery equation is applied to in-receptacle parcel delivery time cost pool, and the variabilities from the large parcel/accountable equation are applied to the large parcel/accountable time cost pool.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 2

Small parcel volumes, large parcel volumes, and accountable volumes are not included in the regular delivery equation because, in the established model, they have no impact on regular delivery time. Rather, they determine parcel/accountable delivery time. Consequently, these volumes are not included in the formulas for the regular delivery time variabilities, and changes in their volumes have no effect on the calculated regular delivery time variabilities. They are not relevant for updating the regular delivery time variabilities presented in Proposal Two.

The regular delivery time equation has four delivery volumes (DPS mail, cased Mail, sequenced mail and FSS mail) and one collection volume (volume collected from customer receptacles). All five variables are potentially relevant for updating the delivery time variabilities. However, only the delivery volumes are included in the Postal Service's operational databases, the collection volume is not. As a result, there are no more recent collection volumes that could be used in the update and the CCSTS collection volumes are used:[1]

> The regular delivery time equation also includes volumes collected from customer's receptacles. Data on this type of volume is not included in any of the Postal Service's operational databases, and was obtained through a field study for the City Carrier Street Time Study. Because there are no recent data on volumes collected from customer receptacles, it is not possible to update this volume mean.

[1] *See*, A Methodology for Updating the City Carrier Regular Delivery Variabilities, Docket No. RM2020-7, April 7, 2020 at 8.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 2

2. Please confirm that files provided within the City Carrier Cost System (CCCS)[2] make it possible to identify some small and/or large parcel volumes as Cased, delivery point sequenced (DPS), Sequenced, and/or Flats Sequencing System (FSS) Mail by using some shape identifiers (*e.g.,* a combination of mail codes, bucket characteristics, bucket numbers, and/or shape-identifier codes). If confirmed:

a. Please describe and discuss the identification process with respect to each mail shape.

b. Please explain whether and, if so, how volumes of small and large parcels, which had Cased, DPS, Sequenced, or FSS Mail identifiers, were counted as Cased, DPS, Sequenced, and/or FSS Mail in Proposal Two.[3] If none of such volumes were counted, please explain why.

c. If volumes of small and large parcels, which had Cased, DPS, Sequenced, or FSS Mail identifiers, were not counted as Cased, DPS, Sequenced, and/or FSS Mail in Proposal Two, please estimate and provide the FY 2019 Cased, DPS, Sequenced, and FSS Mail volumes to include volumes from small and/or large parcels with regular delivery shape identifiers. Please provide the programs, data files, and any other documentation needed to reproduce the calculations.

d. For the first fiscal year after FY 2012 during which regular delivery shape identifiers for small and/or large parcels were available, please estimate and provide the Cased, DPS, Sequenced, and FSS Mail volumes to include these parcel volumes. Please provide the programs, data files, and any other documentation needed to reproduce the calculations.

RESPONSE:

Partly confirmed. Any parcel-shaped pieces that are found in FSS tubs or DPS trays are recorded as FSS and DPS pieces, respectively, and thus included in those volume counts.[4] Parcel-shaped pieces that are cased can be identified and have been

[2] *See* Docket No. ACR2019, Library Reference USPS-FY19-34, December 27, 2019 and Library Reference USPS-FY19-NP22, December 27, 2019.

[3] *See* Library Reference USPS-RM2020-7/1, updated on April 14, 2020, subfolders Prop2.Carrier.Rev.4.14.Fld.1.Files and Calculating Updated Unit Flats Costs, Excel file "CS6&7-Public-FY2019-New.xlsx," Tab: 7.08.

[4] Note that parcel-shaped pieces would not be expected to be successfully sorted on DPS equipment.

recorded separately from small parcels that are not cased, but they have been included in the count of small parcel volume because they are handled like other small parcels when delivered. That is, they are removed from the container, scanned, and separately entered into the receptacle. Note that, beginning in FY2020, the CCCS data collection instrument no longer records if parcels are cased or not. There is no separate shape identifier for sequenced mail (which includes all pieces accompanied by DALs), so if parcel-shaped sequenced mailing occurred, the volumes would be included in the sequenced volume count.

a. Data Collector Technicians (DCTs) identify and record the following attributes of mailpieces used to determine the correct category. These attributes are a mix of shape and container information.

- DPS: Any mailpiece found in a DPS tray.
- Other Letter/Card: Non-DPS mail not exceeding any of the following dimensions: 6 1/8" height, 11 1/2" Length, 1/4" thickness.
- FSS: Any mailpiece found in an FSS tray.
- Other Flat (Flat): Not categorized as DPS, Other Letter/Card, or FSS, and not exceeding any of the following dimensions: 12" height, 15" Length, 3/4" thickness.
- Parcel: Not categorized as DPS, FSS, Other Letter/Card, or Other Flat.
- Direct Bundle or Container: mail destined for one address, prepared by mail processing or mailer (rather than by carrier).

For pieces found in FSS tubs, additional information is recorded about shape using the criteria listed above.

b. The CCCS shape vectors for DPS, FSS, cased, sequenced, small parcel, and large parcel volumes are mutually exclusive. A piece is recorded in only one of those shape volume counts. Theoretically, parcels found in the DPS trays or FSS tubs would be included in the DPS and FSS volume counts, but no such parcels were identified and recorded by DCTs in FY 2019. Pieces that are parcel-shaped and cased have been identified separately from cased letters and flats, and their volumes have been included with small parcels. There is no separate shape identifier for sequenced mail, so if parcel-shaped sequenced mailing occurred, the volumes would be included in the sequenced volume count. In sum, only FSS mail and cased mail had separate shape identifiers. Any FSS parcels are included in the FSS volumes, and any cased parcels have been included in the small parcel volumes.

c. The only parcel-shaped pieces not incorporated in the DPS, cased, FSS, or sequenced volumes are cased parcels, which have been included in the small parcels volume count. The volumes of cased parcels can be found in the Cased Parcel column in the CCCS_Matrix_FY19_FINAL.xlsx, column H. (See USPS-FY19-NP22.) In FY 2019 there were 527,711 such pieces recorded. Note that these pieces have been included with small parcels because, during delivery, they are removed from the container, scanned, and separately entered into the receptacle like other small parcels, unlike letters or flats.

Had there been any parcel-shaped pieces in the DPS or FSS volumes in FY 2019, they would have been included in their respective volume counts. However, no such pieces were recorded.

d. The requested identifiers became available in FY 2015, and the volumes of cased parcels are available in the CCCS_Matrix workbooks provided in the ACR for FY 2015 and each year thereafter, in the same place in the ACR documentation as described in the citation above regarding the FY 2019 version.